

## Business

COMPUTER TALK

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## Kennecott Has Modern Mettle for Mining

## \$1.5 Billion Project Cuts Pollution in Copper Production

By John Keahey  
THE SALT LAKE TRIBUNE

MAGNA — Kennecott's decision to spend \$1.5 billion to reinvent itself couldn't have come at a better time.

International demand is high for the metal, used primarily to make water pipes and electric wire. That means the modernized smelter, perched at the north end of the Oquirrh Mountains, is coming on line at a time of strong prices.

The modernization — \$880 million for the smelter and refinery and \$620 million for a nearby concentrator that converts raw ore into a usable product — takes Kennecott from being the lowest-cost producer in the United States to the lowest cost in the world.

That is good news for the Salt Lake City-based company, whose modernization is expected to save the copper giant as much as 20 cents a pound.

"I certainly expect the company to benefit — and that's an understatement," says Wahid Fathi, copper analyst for Kemper Securities of Chicago and a follower of Kennecott's parent company, London-based RTZ Corp.

The company has begun testing its new furnaces and expects to begin limited production in May. It will take several months before full production is reached.

Some employees say modernization cannot come soon enough.

"We can't wait to get rid of what's left of the old smelter operation," says Ken Britton, a supervisor at the smelter site just south of the southern shores of the Great Salt Lake.

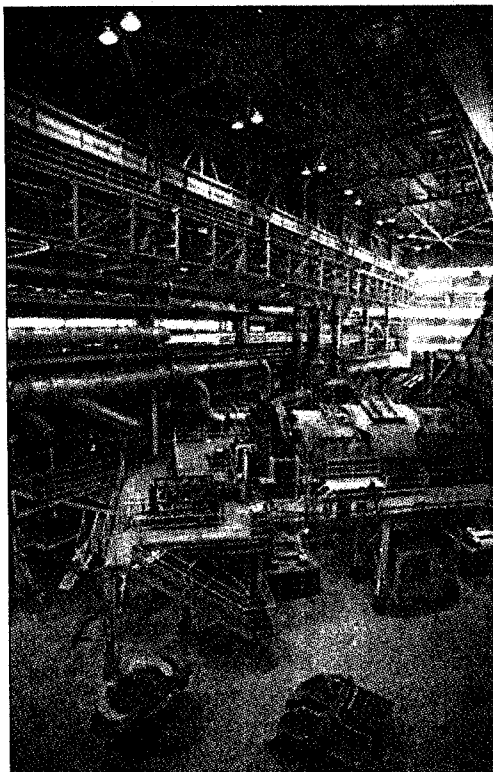
The old operation is an eyesore that represents decades of smoky, unhealthy air pollution, Britton says, gesturing toward soot-coated pipes and blackened buildings where a blazing hot, smoky substance known as copper matte is poured into flaming-orange copper anodes.

"It's time for it to go," he says.

That tangle of turn-of-the-century technology will disappear within two years, predicts David B. George. The Kennecott director of technology, who helped develop the new high-tech furnaces, is betting Kennecott will lead the copper industry into the 21st century.

Once the new plant is at full capacity, George says, officials will examine ways to dismantle the remaining portions of the old one.

The facility eliminates overhead cranes and large ladles that dump the fiery copper matte into copper converters — technology



Kennecott's copper-refining furnace readies the copper to be cast into 700-pound plates for further refining.



Deirdre Eitel/The Salt Lake Tribune

EPA administrator Carol Browner praised Kennecott's new facility for its low air-pollution figures.

that originated in 1906.

That process now will take place in a closed, self-contained system that uses four furnaces instead of the former nine.

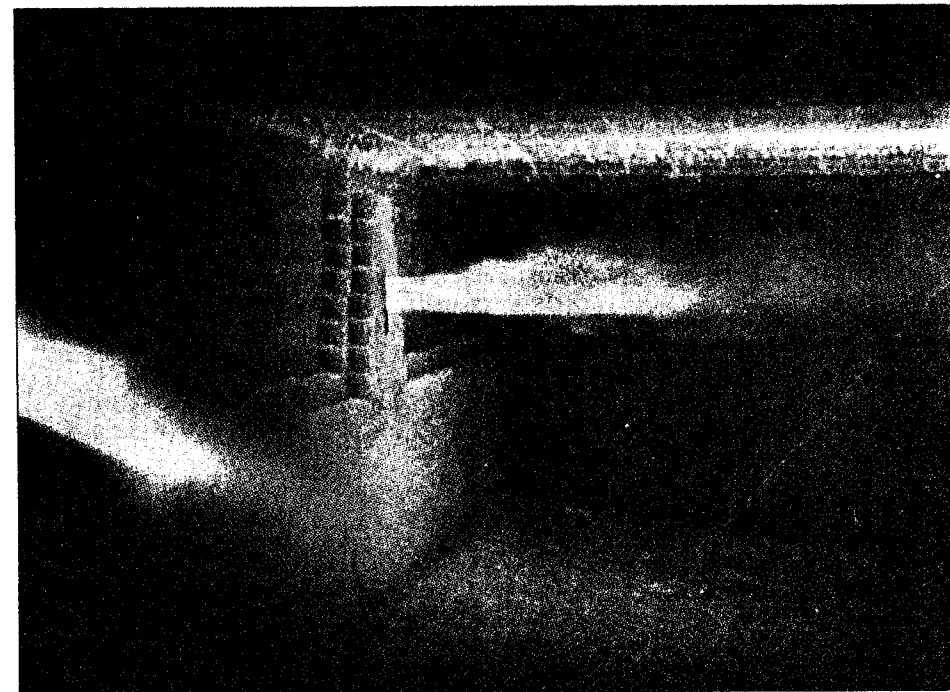
And those four furnaces are capable of processing twice the copper concentrate of their predecessors.

New pollution-control equipment then eliminates 99.9% of all sulfur-oxide emis-



Photos by Rick Egan/The Salt Lake Tribune

The old Kennecott smelter, with its smoke-filled interior and old-fashioned ladle of molten copper, is being moved to one of the four copper converters.



The new smelter, going on line next month, uses natural gas to heat furnaces. Once at operating temperature, the process is self-sustaining.

sions from the smokestack. And, George says, the plant also recovers enough energy to provide 85% of the electric power to operate the smelter.

The reduction in emissions is important to state air-quality regulators who now are able to use those reductions to meet strict federal air-quality standards.

The Sierra Club, an environmental group

that monitors air quality throughout the state, also likes the modernization.

"We asked for these improvements in 1990," says Sierra Club member Scott Dicott of Salt Lake City. "We're proud they invested the money."

Even the administrator for the EPA

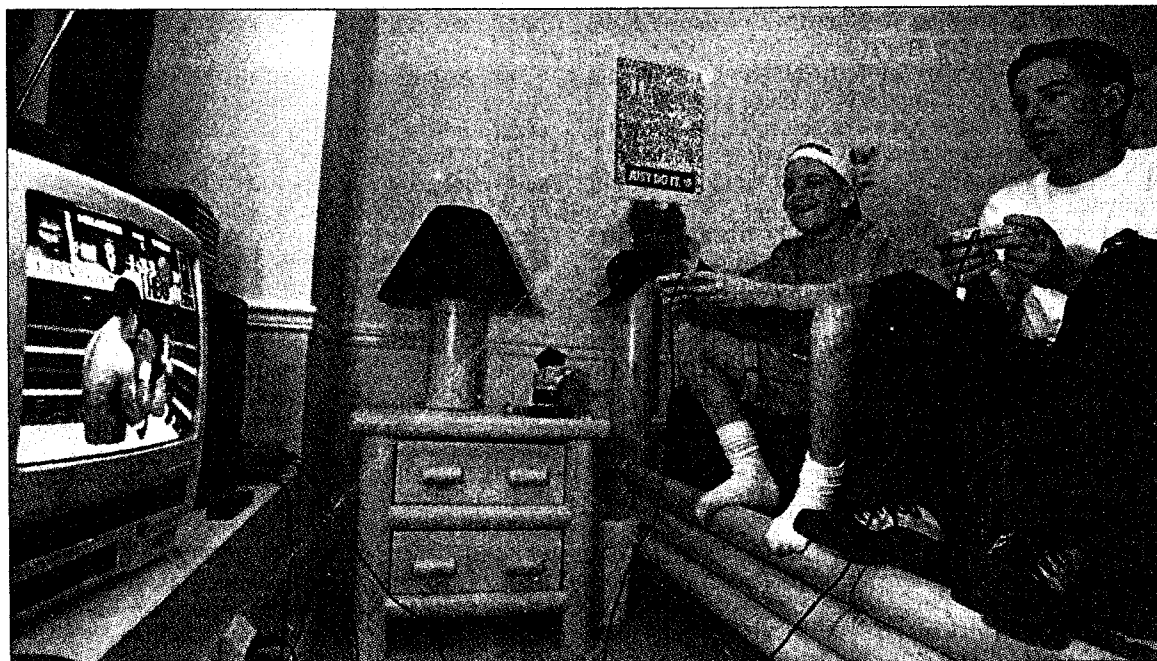
■ See KENNECOTT, Page F-7

## Hotelier Sees Room to Grow in His Native Utah

By Jon Ure  
THE SALT LAKE TRIBUNE

You could say that Hal Milner built a hotel empire from the top down.

After all, the native Utahn learned the ins and outs from 1967 to 1985 from such mentors as Bill Marriott, Sid Bass and Richard Rainwater, before taking the helm of Kahler Realty Corp., the largest hotelier in Utah and one of the nation's most-profitable hotel operators.



Rick Egan/The Salt Lake Tribune

## Utah Figures Take Sides In Rift Over 'Strike Suit'

By Judy Fahys  
THE SALT LAKE TRIBUNE

Shareholders of public companies have increasingly resorted to lawsuits when their investments started losing and two Utah figures stepped into the fray over the matter.

Novell Inc., the Utah software maker, has aligned behind Washington lawyers who are pushing to change the way the company is run so it is tougher for shareholders to sue over alleged mis-

## ON MEDIA



MIKE YOUNGREN

## gligence Reporters aves Scars

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## Kennecott Modernizes Utah Mining

■ Continued from F-1

mental Protection Agency — Car-  
ol Browner — had praise for Ken-  
necott. She toured the new plant  
last week.

"This facility is impressive,"  
she told officials. "It's [low pollu-  
tion] numbers are far better than  
anywhere else in the world."

The company had a choice, says  
Robert R. Dimock, president of  
Kennecott's Utah Cooper Corp.:

■ It could spend \$150 million to  
add new pollution-control equip-  
ment to its existing smelter just to  
reach air-quality standards now  
in force.

But that approach would allow  
the company to process only half  
of its mine's output.

■ Or, it could spend the \$880  
million to completely redesign the  
facility.

"The \$880 million gives us a  
plant that processes everything  
the mine puts out, and gives us  
emission levels well below any  
regulatory requirements that  
could be imposed well into the fu-  
ture," Dimock says.

George says the plant is de-  
signed to operate for at least 25  
years — enough time to deplete  
known copper reserves at Ken-  
necott's open-pit mine in the  
Oquirrh Mountains, 25 miles  
southeast of Salt Lake City.

Previously, the company had to  
ship half the concentrate from  
that ore to Asia for further smelt-  
ing and refining. Those additional  
transportation and processing  
costs were eating big chunks out  
of Kennecott's bottom line.

## Chrysler Bid May Be OK for Kerkorian, But Not So Wise for Small Investors

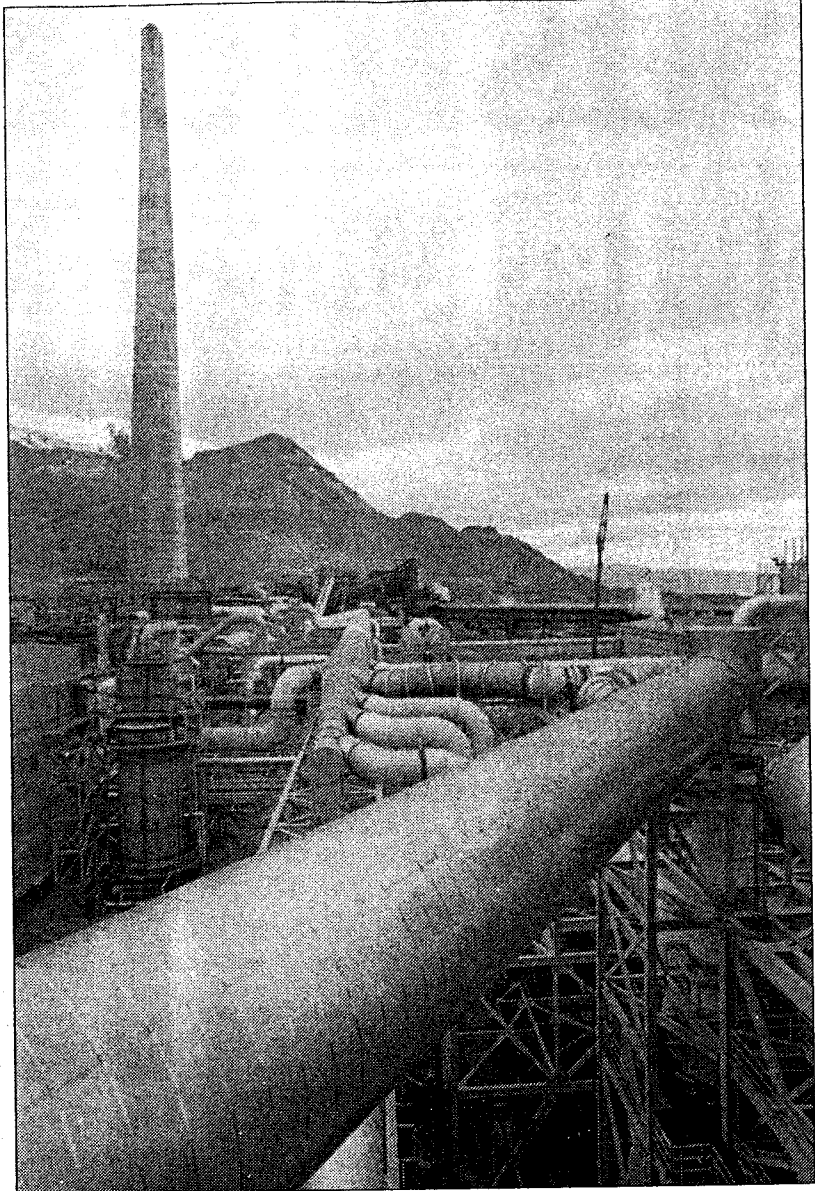
THE ASSOCIATED PRESS

NEW YORK — Do not try this at home.

A bold takeover bid for Chrysler Corp. might be a  
fine strategy for a big investor like Kirk Kerkorian.  
But it doesn't necessarily herald a renaissance of

tered so badly last year that they are still cheap rela-  
tive to their potential earning power, analysts say.

This is particularly true for companies that shrunk  
to significantly increase their productivity levels  
during the early 1990's, and analysts said highly cy-



Rick Egan/The Salt Lake Tribune

Pollution-control equipment removes 99.9% of sulfur-oxide be-  
fore the gas is sent up the 1,200-foot Kennecott smokestack.

With the new plant, Dimock  
says, the company will reduce its  
operating costs at the smelter by  
53%. Additional modernization at  
Kennecott's refinery, which fur-  
ther processes the smelter's pro-  
duction to 99% pure copper, is  
expected to reduce costs there by

45%.

And Kennecott will do this with  
350 fewer employees. Right now,  
the company has 2,250 workers in  
Utah. That number, through early  
retirement offers and regular at-  
trition, is expected to drop to  
1,900 by the end of the year.